

Message Text

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ORIGIN OPIC-12

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FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI

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E.O. 11652: N/A

TAGS: EFIN, KE

SUBJ: OPIC INVESTMENT INSURANCE - FOREIGN GOVERNMENT APPROVAL

REF: STATE 191604

1. WILLIAM C. DRUEHL, PRESIDENT OF DEL MONTE INTERNATIONAL, VISITED OPIC OFFICES OCTOBER 4 TO DISCUSS PENDING APPLICATION FOR INSURANCE FOR THEIR GUARANTY OF BARCLAYS LOAN UP TO \$11 MILLION (\$6 MILLION PRESENTLY OUTSTANDING).
2. PRESENT FOREIGN GOVERNMENT APPROVAL (FGA) PROCEDURE EXPLAINED TO DRUEHL, AS WELL AS REASON WHY PRESENT PROCEDURE UNSATISFACTORY FOR LOAN GUARANTIES.
3. DRUEHL LEAVING FOR KENYA NEXT WEEK (SPECIFIC DATE UNCLEAR) AND MOST ANXIOUS TO PURSUE PROBLEM OF OBTAINING SATISFACTORY FGA DURING VISIT. DRUEHL WILL CARRY REVISION OF AD HOC LETTER FORM OF APPROVAL SUGGESTED REFTTEL, IN WHICH LAST PARAGRAPH

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HAS BEEN REVISED TO READ AS FOLLOWS:

"WE WISH TO INFORM YOU THAT THE (NAME OF LOCAL COMPANY) PROJECT HAS BEEN APPROVED BY THE GOVERNMENT OF KENYA SO THAT INVESTMENT INSURANCE (DELETE "AND GUARANTIES") MAY E ISSUED BY UNITED STATES GOVERNMENT TO (NAME OF U.S. INVESTOR), IN ACCORDANCE WITH THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF KENYA RELATING TO UNITED STATES INVESTMENT GUARANTIES WHICH ENTERED INTO FORCE ON APRIL 20, 1964."

4. WHEN DRUEHL INDICATED HIS INTENTION TO VISIT MINISTRY HIMSELF TO GET FGA, WE STRONGLY ADVISED THAT NEGOTIATIONS SHOULD BE CARRIED OUT BY EMBASSY. IN REPLY TO DRUEHL'S ASSERTION THAT AN ADEQUATE FGA WOULD COME FROM PERMSEC TREASURY, WHO SIGNS CERTIFICATES OF APPROVED ENTERPRISE, WE ALSO INDICATED THAT IT SHOULD BE EMBASSY'S JUDGEMENT AS TO THIIH GOK MINISTRY HAD ULTIMATE AUTHORITY IN AGREEING BEW FGA ARRANGEMENTS. FINALLY, WE ADVISED DRUEHL THAT ADEQUATE FGA WOULD HAVE TO BE DELIVERED BY GOK DIRECTLY TO EMBASSY AND THAT A LETTER APPROVAL SUPPLIED BY GOK TO DEL MONTE WOULD NOT BE SUFFICIENT.

5. FYI DRUEHL LIKELY TO TAKE POSITION THAT BASIC 1965 AGREEMENT BETWEEN GOK AND CALIFORNIA PACKING COMPANY (PREDECESSOR CORPORATION TO DEL MONTE), AS AMENDED IN 1968 CONTAINS SUFFICIENT GOVERNMENT AGREEMENT TO ALLOW LOCAL BORROWING UP TO LIMITS DESCRIBED THEREIN, AND THAT, THEREFORE, REVISED FGA PROCEDURE SHOULD BE PRO FORMA. END FYI.

6. REQUEST EMBASSY COMMENTS AND ASSISTANCE TO DRUEHL AS APPROPRIATE. KISSINGER

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